
INCOME TAX ON GIFTS TO EMPLOYEES

Document type: Procedure
Policy Category: Support Service

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1. Purpose

To provide information on the tax implications of University gifts to employees.

2. Organisational scope

Applicable to all employees of the University.

3. Policy statement

Any cash or asset acquired by an employee of the University by virtue of their employment by the University, above the remuneration prescribed in their employment contract, is a taxable benefit in terms of the Income Tax Act.

Employees' tax (PAYE) must be deducted and withheld from the total cash equivalent of the value of the taxable benefit (Ref: Fourth Schedule to the Income Tax Act).

4. Definitions/Abbreviations

SARS – South African Revenue Service

PAYE – Pay-as-you-earn

EFT – Electronic Funds Transfer

5. Procedure

A Claim for Services Rendered form must be completed for an employee who has received a gift from the University (available on the staff intranet). An indication must be made under the "Details of services rendered" field on the form whether the gift should be a cash cheque, an EFT or an asset.

The completed form must be submitted to the Human Resources Department for processing.

Claim forms received by the Human Resources Department after the beneficiary has left the employ of the University will not be processed or paid out.

Any claims for gifts completed on an Expense Report will not be processed or paid out. The exceptions to this rule is as follows:

- University contribution towards retirement functions are excluded from this guideline, as meals supplied by an employer to an employee for a special occasion has a zero taxable value in terms of para 8(3).
- Meals or flowers provided to employees.



6. Associated documents

A88/95 - Contribution to Farewell Social Occasions on the Retirement of Staff Members
HR08/11 - Claim for Services Rendered

7. Appendices

None.

8. Responsibility for implementation

Director: Finance

9. Policy life cycle

This policy should be reviewed every three years.

10. Document metadata

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